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# Northwest Territories Legislative Assembly

# Standing Committee on Governance and Economic Development

Report on the 2001-2004 Business Plans

Chair: Mr. Floyd Roland

Northwest Territories Legislative Assembly
Standing Committee on Governance and Economic Development

## NOTICE

This document was produced by the Standing Committee on Governance and Economic Development pursuant to its review of Government of the Northwest Territories' 2001-2004 Business Plans.

This review was conducted during the period October 10 – 24, 2000, prior to the development of the 2001-2002 Main Estimates. In some respects, events may have overtaken certain references contained herein.

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Northwest Territories Legislative Assembly
Standing Committee on Governance and Economic Development

**CONFIDENTIAL**

November 15, 2000

HON. JOSEPH L. HANDLEY
GOVERNMENT HOUSE LEADER

**Report on the Review of 2000-2004 Business Plans**

On behalf of the Standing Committee on Governance and Economic Development, I am pleased to provide you with our Report on the Review of the 2001-2004 Business Plans.

We look forward to reviewing the draft Main Estimates in January, which I trust will reflect the Committees' comments and suggestions.

It is also our intention that these reports will form part of our Report to the House after First Reading of the *Appropriation Act, 2001-2002* in February.

If you have any questions or concerns, or require clarification of items or issues in our report, please do not hesitate to contact me.

Floyd Roland
Chairperson

Attachment

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# Standing Committee on Governance & Economic Development
# Report on the 2001-2004 Business Plans

## Introduction

The Standing Committee on Governance and Economic Development (GED) met from Wednesday, October 11, 2000 to Friday, October 20, 2000 to review the 2001-2004 Business Plans. The GED envelope includes the following Departments, the Executive, the Ministry of Aboriginal Affairs, the Financial Management Board Secretariat (FMBS), Finance, Public Works and Services (PWS), Municipal and Community Affairs (MACA), Transportation, and Resources, Wildlife and Economic Development (RWED). The Committee would like to take this opportunity to acknowledge the hard work by department and legislative committee staff.

## General Comments

### Business Planning

The Committee wishes to acknowledge progress made by departments in the development and incorporation of performance measurement and consistent reporting formats throughout the envelope. However, a few Members have remarked that the financial reporting component could be made more reader friendly and understandable. In the case of the Department of Finance, a separate section should be developed to track our accumulated debt, operating deficit and related interest and servicing charges. Committee Members suggested this improvement in light of our proximity to our debt wall and debt service expenditures. The Committee also noticed in some departments, the lack of consistent and detailed affirmative action information and the lack of detailed vacant position data by activity and region.

### Community Capacity Building

The Committee expressed concern that many communities do not have adequate resources and comprehensive operating information to properly deliver programs and

services that have been devolved to them from Government. Further, communities should also be involved in any decision making process that directly affects them. The Committee noted that smaller and remote communities might require additional funding to reflect increased operating costs and to attract and retain qualified personnel. Finally, the Committee concluded that many departments' responsibilities overlap one another, and program and service savings from a coordinated approach could be redirected towards community programming.

## Recruitment and Retention

Throughout the Committee's review of its envelope, the common theme of recruitment and retention of qualified staff was prevalent. A strong southern economy and competitive wage packages from the private sector have attracted many personnel from public sector employment. In smaller and remote communities, recruitment and retention is a more significant problem, as many essential services such as education and health and social services have always been understaffed. Even in larger regional centres, there is a shortage of qualified personnel to effectively, efficiently and economically perform essential services.

The Committee advises the Government to acknowledge and address this situation, build this issue into their Business Planning process, and improve upon their ability to delivery on this objective.

Committee Members are of the opinion that an individual staff member's performance appraisal should be directly linked to the department or agency's business plans and the benchmarks used to mark progress towards goals. If a goal or benchmark is not accomplished, it should be determined why not. If the reason is human in nature then, corrective actions should be made. Employees are an integral component of accountability. Corrective actions do not need to be punitive but should include regular performance appraisals, re-evaluating job descriptions on a regular basis and training. Departments and territorial corporations need to ensure that each employee's job description fits into the goals in their Business Plan.

## Vacancies and Budgeting

Committee Members remarked that there are persistent vacancies in many departments. Although the Committee acknowledges that the Government faces recruitment and retention problems, certain departments may be using funding for their

vacant positions to fund other programs and services. **The Committee stated that persistently vacant positions should be eliminated and their funding be used for programs and services.**

## License, Fee and Permit Increases

The Committee observed that most GED departments have projected significant increases in their revenues. Most of these revenue increases reviewed by this Committee are due to increases in licenses, fees (such as terminal and landing fees) and permits. Committee Members recognize that these proposed increases will result in additional revenues for the government. However, in many cases, those fee increases would be passed on to the consumer as corporations, small businesses, and services attempt to recover their expenses. While the Government is busy trying to reduce its operating costs by increasing fees to the private sector and non-profit organizations, the northern consumer or resident is the party being penalized. License, fee and permit increases are under consideration of the Members of the Legislative Assembly. The Committee expressed concern that revenue increases from fees may actually decrease federal funding transfers under our current Formula Funding Agreement with Ottawa. Committee Members reminded the Government to take this into consideration when they are considering any increases to licenses, fees and permits.

## Strategies and Funding

The Committee noted that there may be an excessive number of studies or strategies being developed by this Government, and further, funding proposed to develop these studies could be better spent on existing priorities including education, health, social services and our transportation infrastructure. Committee Members stated that the Government might be fostering a burgeoning consultation and conference industry instead of effectively delivering essential programs and services.

## Department of Executive

### General

The Standing Committee on Governance and Economic Development met with the Premier and Departmental staff to review the 2001-2004 Business Plans on Wednesday, October 11, 2000 and Friday, October 13, 2000. The Committee noted a $330,000 increase in total Operations or O&M expenditures between their 2000/2001 Main Estimates and the 2001-2002 year in the 2001-2004 Business Plans. This increase is for the Government of the Northwest Territories' share of contribution funding for Aboriginal Government participation in the Intergovernmental Forum. Participation costs are shared with the federal government, which pays two-thirds of the cost.

### Role of the Department of Executive

There was discussion regarding the long-term results that the Department of Executive identified as what they would like to achieve. It is the Committee's opinion that these desired results are the goals for overall government.

The Department has narrowed its focus and dropped four of the goals that were presented in the 2000-2003 Business Plan. The Committee notes that there is not a corresponding decrease in request for resources.

With the desired results covering all of government and the removal of four goals from the previous business plan resulting in a narrower focus. The Committee is cautiously optimistic and hopes to see this Department make marked progress in regard to the outcomes stated in the business plan.

### Events Path

The Committee discussed the need for an events path, similar to what was constructed to show what had to be accomplished for the formation of Nunavut. This will assist the Legislative Assembly in its planning and place what has to be done in perspective. It is understood that many of the events are locked into progress that is made at the different negotiation tables. However, the Premier agreed to supply a sequence or path of what has to be done.

## Human Resources

### Vacant Positions

As indicated earlier, the Committee is concerned about the number of vacancies in all government departments. Please refer to '*Vacancies and Budgeting*' in the general comments portion of this report.

### Affirmative Action

As with other departments, the Committee would like there to be a consistent method of reporting Affirmative Action statistics in the Business Plans.

The Committee expressed to the Premier and his staff their concern over methods employed by all departments that may be seen as a means to avoid the Affirmative Action Policy. It is the perception of the public that non-affirmative action individuals are being hired on a casual basis and after a period of time are direct appointed to the position. The Premier responded that he would look into ways on how to monitor this.

Department staff informed the Committee that an individual's career plan might supersede the Affirmative Action Policy for acting appointments. It is a cause for alarm when a non-Affirmative Action employee may be appointed to act in a position because of his or her career plan when there may be Affirmative Action candidates who are willing and capable of doing the job. The Human Resource Manual indicates that Affirmative Action Policy is fundamental to career planning and identification of individuals for advancement. The Committee requests that the Department clarify the paramountcy between the Affirmative Action Policy and a career plan in relation to designation of staff for senior management acting positions.

### Orientation for New Employees

The Department informed the Committee that it planned to offer orientation to all new employees. Members indicated that all employees, not only new ones, could benefit from such a program and that all employees should be given the opportunity to take the orientation. The Premier stated that he would take the comment under advisement.

Human Resource Indicators

The morale of Government employees is important to the organization. The Committee encourages Corporate Human Resources to look at developing means of measuring staff morale. Indicators that can be used as a gauge of staff morale include, sick days absenteeism rates and staff surveys.

**Recognition of Land Claim Agreements in Negotiated Contracts**

Members brought to the attention of the Department the need to recognize clauses in land claim agreements that address government contracts. Should the government decide to proceed with the changes to the Contracts Policy that are proposed in the Program and Functional Review, the Premier committed to consult with land claim groups. Further, the Committee encourages the government to ensure that all Deputy Ministers and their departments are familiar with and comply with terms of the different land claims agreements when it comes to contracting.

**Cuts to the Women's Advisory**

The Committee was dismayed to learn of the proposed demise of the Women's Advisory in the 2002-2003 fiscal year. The Business Plan indicates that there are plans to consolidate the Women's Advisory with the Office for the Status of Women. The Committee is of the opinion that it is necessary to have this office in the Government of the Northwest Territories, linked to the Executive Offices, serving a liaison function and promoting and advocating on the issues that affect women. With the potential funding changes for the Native Women's Association identified in the Program and Functional Review and the Government of the Northwest Territories recognizing the problem of violence against women in the most recent Motion, Members feel strongly that such a cut will send the wrong message to the public. Further to this, one of the vision statements in the *Towards a Better Tomorrow* document is: *Safety, security and respect for all citizens, with a focus on women, children, elders and persons with disabilities.*

> ***The Standing Committee on Governance and Economic Development recommends that the Women's Advisory not be consolidated with the Office for the Status of Women and that the funds be reinstated in the 2002-2003 Operations Expenses for the Department.***

## Ministry of Aboriginal Affairs

### Need for Regular Updates on Negotiations

There are seven negotiation tables in progress. The decisions reached at these tables have an impact on future structures and roles of public government. It is important for Members to receive timely and accurate information from the Ministry so that they are adequately prepared to plan and make decisions regarding emerging forms of Aboriginal and public governments.

### Geographic Tracking

When funding needs for Nunavut had to be determined, the Government of the Northwest Territories implemented a geographic tracking system. Valuable information on the cost of program delivery in all the different communities in the then Northwest Territories was collected. The GNWT has taken the position that our government should not be responsible for incremental costs associated with self-government agreements. With this statement comes the need to determine the present costs of program delivery in each claim area. During the review, the department stated that it would be difficult to determine the cost to run programs in the communities. The Committee would like to remind the department that this information should be available through the geographic tracking system. It should be reviewing the information derived from the geographic tracking system and be able to speak to the cost of program delivery, past and present for each claim area.

Further to this, the Committee is concerned that there may already have been a gradual reduction in program and service levels. Another benefit of the geographic tracking system is that the information collected could be used as means for comparison program funding, previous and present, to determine trends and identify areas for concern.

### Events Path

As had been done during the review of the Department of Executive, the Committee again raised the issue of the need for an events path, similar to what was constructed to show what had to be accomplished for the formation of Nunavut. This will assist the Legislative Assembly in its planning and place what has to be done in perspective. It is understood that many of the events are locked into progress that is made at the different negotiation tables.

## Human Resources

### Human Resource Plan

The Committee was disappointed to see that the Ministry still has not completed a Human Resource Plan. It is noted that one should be developed by March 31, 2001.

### Vacancies and Internal Transfer of Positions

As with other departments, the Committee is concerned about the number of vacant positions in the Ministry. During the review of the 2000-2003 Business Plans, the Ministry indicated that there was a definite need for 6 new positions in the Negotiations section. These were subsequently approved and funding allocated. All of the positions have not been filled resulting in surplus salary dollars being used for purposes for other than which it was intended.

The Committee has learned that one of the negotiator positions was transferred to another section of the Ministry to accommodate the credentials of an employee who was returning from a transfer assignment. The Committee is of the opinion that this was not managed well. When transfer assignments are made, the Ministry should plan for the eventual return of the employee so that the organization of the agency does not have to be changed.

## Department of Public Works and Services (PWS)

### General

The Department informed the Committee, as it had in previous business plan reviews, that it has undergone massive reorganization and down sizing. It was also stated that there was the possibility of more changes occurring. Basically all that the Department retains responsibility for is asset management.

The Committee is aware that this department has experienced a massive reduction in staff and drastic organizational changes. It is time for the government to determine the most efficient way of delivering the Petroleum, Oil and Lubricants; Capital Purchases; Records Management and Asset Management programs.

***The Committee recommends that a functional audit be conducted to assess whether a full department structure is the best long term delivery method, or whether other options should be considered for the delivery of the Petroleum, Oil and Lubricants; Capital Purchases; Records Management; and Asset Management programs.***

The Government of the Northwest Territories and all departments have to develop new and innovative ways to fulfil their changing roles and responsibilities in a time of fiscal restraint.

## Asset Management

The Department explained to the Committee that it spends approximately 80%, over 31 million, of its budget in the area of asset management. The Department went on to say that when it comes to asset management it is operating in a vacuum, as there is no territorial legislation that addresses asset management and the department doesn't have any tools to enforce compliance with policies. **The Standing Committee is of the opinion that this is any area that needs to be addressed and suggests that the Department present some proposals as to how this situation may be rectified.**

## Cost to Run Facilities

The Minister indicated that almost all government services are on the table for negotiation with claim groups. One of the exceptions to this is transportation facilities. The GNWT has taken the position that our government should not be responsible for incremental costs associated with self-government agreements. With this statement comes the need to determine the present costs of program delivery in each claim area. During the review, the department stated that it would be difficult to determine the cost to run facilities in the communities.

The Committee would like to remind the department that this information should be available through the geographic tracking system. It should be reviewing the information derived from the geographic tracking system and be able to speak to the cost of program delivery, past and present for each facility.

## Contracts

Department staff indicated that 75-80% of Public Works and Services' budget is spent through the private sector. The remaining 20% is for services that the Department

retains as it believes that these services cannot be contracted out without jeopardizing the quality of the services.

The Department informed the Committee that it does not perform evaluations of programs and infrastructure after they have been privatized or transferred through community empowerment. It was indicated that the only point at which Public Works and Services will become involved is when the community asks for assistance. The Department stated that there are no policies that govern the Department and how they operate on behalf of communities when a problem occurs; there are only guidelines in the particular contract. The Committee is of the opinion that Public Works and Services is responsible for a significant amount of programs and infrastructure; the Department must be able monitor and provide support to communities before problems occur.

## Records Management

Records Management continues to be an area of concern to the Committee. In the Report on the Review of the 2000-2003 Business Plans and the 2000-2001 Draft Main Estimates, Members expressed concerned that the implementation of the Records Management System (RIMS) was taking more time than it should. It was hoped that the Department would address this issue before it became another costly and unwieldy government management system.

The Department responded that the responsibility for managing government records rests with the individual departments. The Department assists by providing tools and services but does not have the authority to require departments to use to those services or conform to a common plan.

As has often been stated by the Auditor General, the Government of the Northwest Territories' records management system is woefully inadequate. Public Works and Services has an overall co-ordination mandate but has no authority to implement government-wide conformity. The difficulty is that departments are opposed to adhering to the common method of Records Management proposed by this department. Government needs to revisit the overall approach to Records Management implementation, with a view to a more customer-oriented approach to suit individual department needs.

> ***The Committee recommends that the government revisit the overall approach to records management implementation with a view to a more customer-oriented approach to suit individual departments.***

## Petroleum Products Program

The Petroleum Products Program is the only part of the present services offered by the Department where there are plans for privatization.

As was done in the Report on the Review of the 2000-2003 Business Plans, the Committee encourages the government to proceed with care when it comes to privatization of services and believes there must be a means of preventing companies from picking only profitable ventures and leaving high cost areas behind resulting in a higher cost to government.

The Department committed to supply the Committee with the costs of privatizing the Petroleum Products Program as opposed to keeping it in house.

## Capital Purchases

The Committee noticed that there were a number of purchases for the Petroleum Products Division identified, such as trucks. It was questioned why these purchases were being made when privatization of the service is a possibility. The Minister agreed to re-examine the items community by community for relevance.

After the completion of the review, the Committee received notification from the Minister that the Department planned to make an adjustment to the Diesel Capacity Increase project at Deline. The funds will be transferred within the Department and used in another capacity.

## Human Resources

The Department had provided organization charts in their business plan. Members requested that more information be provided as to where the positions are located.

The Department indicated that they were having difficulty filling technical positions. This is attributed to salaries and benefits not being competitive with other jurisdictions and private industry. To fulfil the duties of vacant positions, a number of service contracts are being used. The Committee requested and the Department agreed to supply information as to the number of service contracts being used to accommodate the inability to staff positions.

## Department of Finance

### General

The Standing Committee on Governance and Economic Development met with the Minister of Finance and his staff on Thursday, October 19, 2000 to review the Department of Finance's Business Plans for 2001-2004.

The Department proposed a $795,000 or 8% increase in operations expenditures from their 2000-2001 Main Estimates to their 2001-2002 Business Plan. The proposed increase is due to increased short-term borrowing costs of $695,000 and additional management costs of $100,000 for administering the proposed hotel tax if the Legislative Assembly passes the tax.

### Financial Reporting Format

Committee Members noted that an accurate and understandable financial picture is necessary for effective debt management and reduction, and for accurately measuring and promoting economic growth. The Standing Committee further suggested that financial data should be more readable and a separate section should be established on debt financing in the program detail area.

### Hotel Tax

The Committee remarked that hotel tax revenues have already been incorporated into the Government's revenue and expenditure projections even though the tax has not yet received legislative approval. Committee Members noted that tax legislation should receive the same level of stakeholder consultation and Committee consideration as other legislation. A Member observed that the Government might be fast-tracking the proposed hotel tax without due process. According to the Department, the hotel tax is expected to generate about $1.3 M. Administration fees are expected to be $150 K.

### Vacancies

An overall concern of the Committee was vacancies in departments. Although the Committee acknowledged that staff recruitment and retention remains a challenge for the public sector, in many cases, funding for vacant positions has been used for other

programs and services within some departments. The Committee asked for and received explanations (after the review of the Department's Business Plan) for each of the projected vacancies. Competition for three of the four vacant positions have closed and the fourth position's job description is being updated. Please refer to page 2 of this document, General Comments, for additional information.

### Corporate Tax

Committee Members asked the Government whether it should make more effort to recruit more corporate tax filings in light of the recent net $20 M single corporate tax filing from an offshore company. The Minister replied that further efforts might be ineffectual as tax rates change constantly all over the world and offshore companies shop constantly for the best rate. This may be further compounded by other more financially healthy Canadian jurisdictions that may have already reduced their corporate income tax rates. The Minister added that next year we may no longer be competitive for some categories of tax filings including the previously mentioned filing. The Committee agreed that this was not a viable revenue source to pursue.

### Interest Costs

The Committee was concerned about the increasing interest costs required to service our increasing accumulated debt. Our increasing accumulated debt and associated servicing costs present significant financial risks. We are still spending more than we are getting. All sources of financial risk must be effectively addressed if the Government is to avoid hitting our debt wall and realize our long-term policy objectives. The Department projects a $695 K increase to our $3.8 M in current interest costs.

## Financial Management Board Secretariat (FMBS)

### General

The Standing Committee on Governance and Economic Development met with the Chair of the Financial Management Board, the Secretary to the Financial Management Board and FMBS staff on Friday, October 13, 2000 to review the Secretariat's Business Plan for 2001-2004.

The Secretariat proposed a $349,000 or a 1% reduction in their operations expenditures, a $485,000 or 80% decrease in their capital acquisition plan and a projected reduction of $150,000 or 3% in overall revenues from their 2000-2001 Main Estimates to their 2001-2002 Business Plan.

## Support for Other Secondary Industries

Committee Members were concerned that funding for training was given for the diamond industry, but has not been considered for the oil and gas sector and other northern industries. If funding is given for one sector, funding should be given to other sectors too. The Committee concluded that other sectors of our economy are just as important as the diamond industry. Our economy is diverse and if carefully and responsibly managed, improved economic growth can become a reality.

## Internet Usage

Committee Members were concerned with non-work related Internet usage by Government employees and what steps have the Government considered to reduce non-work related Internet usage. The Minister informed the Committee that employees of the Government of the Northwest Territories are governed by the employee-employer agreement, "Use of Electronic Mail and the Internet, Guidelines for the Employees of the Government of the Northwest Territories". At the request of the Committee, the Minister has provided the agreement for the Members' perusal.

## Recruitment and Retention

The Government continues to have personnel recruitment and retention problems, especially in light of competitive benefit packages in the private sector and a strong southern economy. The Committee has asked the Government for the Government's upcoming Human Resources Review that will hopefully have recommendations to manage, recruit and retain its personnel. The Department has agreed to provide the report once it has been completed.

## Resource Revenue Sharing

The Committee continues to be concerned that the lengthy process to reach a resource revenue sharing agreement with the federal government may result in lost resource

revenues. While devolution is being discussed with the federal government, the Government of the Northwest Territories continues to expend more than it receives.

## Contracting Practices

Committee Members were concerned that many businesses do not understand why they are not being approved and we need to improve our contracting practices to help them make better future proposals to the Government. Many bidders are northern companies, employ northern residents and use northern suppliers as available. If small and growing northern businesses are not properly debriefed and thus better able to bid on future contracts, people and companies that invest and do business in the North may be at an unfair disadvantage.

The Minister replied that each department gives their own debriefings and the Government will have a central group in place to provide advice to departments to improve their existing procedures. Further, at the request of the Committee, the Government has agreed to provide to the Committee the Business Incentive Policy Review upon completion.

## Self-government Negotiations

The Committee noted that if the Government's self-government negotiations were better coordinated or centralized instead of each department having a separate role, the cost savings could pay for other programs and services. The Government struggles to make do with less, and the issue of economic, effective and efficient resource allocation increases in importance with each succeeding year. Until we receive control of additional revenue sources, we must make better use of our existing resources.

## Continual Growth in the Secretariat

Committee Members have observed significant growth in the amount of funding, responsibilities and human resources in the Secretariat over the past few years. The FMBS has the responsibility for overall government issues including human resources, program analysis and financial analysis. Members observed that the FMBS represents a one-window approach to the Cabinet. Committee Members were of the opinion that funding for programs and services is controlled by finance not program people and, as long as people have control of the funding, these same people will have control of the program.

## Department of Transportation

### General

The Standing Committee on Governance and Economic Development met with the Minister of Transportation and his staff on Tuesday, October 17, 2000 to review Department's Business Plans for 2001-2004.

The Department proposed a $491,000 or 1% decrease in operations expenditures, a $4,332,000 or 19% increase in capital acquisitions, and projects a $1,295,000 or 14% increase in Department revenues.

### Third Party Investment in Transportation Infrastructure

The Committee agreed to consider the third party investment approach to further develop our transportation infrastructure, but we should continue to raise the option, but don't endorse it until the Department comes back with more substantial information, raise it but don't endorse it.

Third party investment includes investment from the federal government and provincial governments, in addition to the private sector. Committee Members commented that without a reasonable return on investment to the third party, investment is unrealistic.

Committee Members further stated that partnerships with third parties might not be possible at this time, as we may not have the resources in light of our proximity to our debt wall. The Committee added that even if we are able to participate with third parties, we might not know how to proceed as third party investment is in the conceptual stage.

### Proposed Transportation Fee Increases

Committee Members were concerned about the Department's proposed increases to airport landing fees, motor vehicle licensing and other administrative fees. These fee increases would be simply been passed on to the consumer. Transportation is already expensive in the North without taking into consideration the proposed fees. Please refer to General Comments, page 2 for additional information.

## Recruitment and Retention

The Government continues to have recruitment and retention problems, especially in light of competitive benefit packages in the private sector and a strong southern economy. Committee Members were of agreement that this issue continues to be challenge throughout all government departments. The Committee further added that the high vacancy rate might be due to the high number of transient southern hires. Members elaborated that southern hires will leave when a better offer comes along, whereas local hires are more willing to stay as the North is their home.

## Economic Impact Upon Highway Infrastructure

Increasing economic development and increasing traffic is severely impacting upon our highway system. Recent developments in oil and gas, continuing investment in the diamond sector and other mining projects have impacted upon our ability to properly maintain our highways system. The Committee commented that if the Government is unwilling or incapable of developing and maintaining our highway system, perhaps they should consider greater private sector involvement. Members observed that given the poor and potentially unsafe conditions of many of our roads, funding may have to be reallocated from proposed construction projects to maintaining our roads. A shortage of O & M money eventually leads to a reduction in safety.

The Committee concluded that limited funding is impairing our ability to repair, maintain and expand our transportation system to meet current usage and to take advantage of potential economic opportunities by opening up new areas of development.

## Highway Safety

Committee Members concluded that there needs to be more highway condition information available to the public, including safety advice and how to procure timely accident assistance. In many cases, people do not know who to call for assistance.

The Committee commented that in many cases, it is unclear which government agency is responsible for responding to an accident. The Minister agreed to consider better signage and better use of the trucking system (as a communications link) to improve responses to accidents.

Committee Members suggested that the Department lobby the federal government for more funding or other assistance. Until more assistance can be procured, the

Committee suggested that the Department should clarify its priorities and make more efficient and economical use of the limited funding and other resources they have now.

## Improvements to Highway System

Committee Members expressed concern about the minimal funding allocated towards repair and expansion of our highway system. The Minister replied that capital projects have been identified for the next few years and the only pool of funding that may become realistically available is from the National Highways Program.

The National Highways Program will not be active until the spring of 2003 and is most likely awarded on a per capita basis rather than need. In addition, funding awarded under this program has to be matched by territorial funding if the current federal/territorial highways funding formula is continued. Committee Members stated that we are in a difficult fiscal situation and our contribution may be limited. Further funding from the program can only be spent on the national highways system, which means only Highway #3 can receive funding.

However, a Member noted that in previous Premiers' conferences, support was given by all the provinces to divest funding from the National Highways Program on a needs basis rather than per capita.

## User Tolls

The Committee is aware of the development of user tolls by the Government. When questioned by the Standing Committee, the Department stated that it will forward a study that is being completed on user tolls on our transportation system to the Committee by next year. However, the Committee is aware that if user tolls are implemented, the federal government may reduce territorial funding as per our current Formula Financing Agreement. Further, Members commented that in light of fee increases proposed elsewhere in Government, a user toll would represent additional hardship for residents and businesses.

## Negotiated Contracts

Committee Members commented that negotiated contracts allow Aboriginal companies to develop skills, training and work experience to allow them to be more competitive.

The Minister replied that negotiated contracts would continue. However as more local companies develop, there will be increased movement towards competitive contracting in the future. The Standing Committee would like to ensure a proper criteria to measure proper skills and training is in place before a decision for movement away from negotiated contracts is determined.

## Department of Municipal and Community Affairs (MACA)

### General

The Standing Committee on Governance and Economic Development met with the Minister of Municipal and Community Affairs and his staff on Wednesday, October 18, 2000 to review the Department's Business Plan for 2001-2004. The Department proposed a $2,908,000 or 5% increase in their operations expenditures, a $2,419,000 or 49% reduction in their capital acquisition plan, and projected a $698,000 or 54% increase in their revenues.

### Reporting Format

Financial data should be presented in a more readable and understandable format. This concern remains a common theme for Committee Members throughout their review of the Governance and Economic Development Business Plans.

### Self-government Participation

The Committee commends the Department's efforts towards self-government issues. Committee Members suggested that the Department should ensure that throughout self-government discussions, the Department staff should have a clear understanding of the participants involved including the different levels of government and from where these levels of government derive their authority.

### Community Government Capacity

Concern was expressed that as more responsibilities are devolved to the regional and community levels, adequate funding and resources may not be readily available to

regions and communities to properly deliver expanded programs and services. Members noted that in some communities, equipment is either non-existent or inappropriate to complete required tasks and they have to ask neighboring communities to borrow their equipment. Unfortunately, each community has their own operating priorities, and equipment may not be easily transferable on short notice. For example, the lack of snow removal equipment in Enterprise was identified to the Standing Committee.

## Vacancies

The Committee is concerned that funding for vacant positions may be redirected towards other department programs. The Minister agreed to provide an inventory of vacant positions by region to the Committee.

## Water Safety Mandate

Committee Members are concerned there may be confusion over who is ultimately responsible for water safety at the community level and there should be better ways to coordinate efforts in the area of public safety. The Department replied that it is looking at ways to better coordinate efforts in this regard.

## Trespassing

Members are concerned about the growing level of unauthorized use on public lands and if the Department has considered or taken any action to resolve this issue. The Department replied that is developing an options paper on this matter.

## Community Governance Complexity

Committee Members stated that communities do not have access to essential information or were excluded from the decision making process that affected their community. Committee Members added that in many cases there might be overlapping responsibilities between different departments, agencies or levels of government that may add to the governance complexity.

The Committee is of the position that if selected programs and services are devolved to communities, sufficient levels of funding and all related operating information should

accompany these responsibilities. In addition, the community should be fully involved in the decision process regarding any program or service that may affect them. The Committee added that funding levels should reflect the increased operating costs in smaller and remote communities, and also to ensure effective recruitment and retention of qualified personnel.

The Minister agreed and committed to provide a legislative proposal, which the Government is developing, to better address community governance and provide communities with broader authorities.

There is also a problem of land ownership that further compounds this issue. Committee Members stated that in many cases, no one knows who really owns the land.

## Third Party Accountability

The Committee observed that as Government devolves more programs and funding to communities and other third parties, an effective accountability framework that incorporates effective monitoring and evaluation should be in place. Ultimately, the Government of the Northwest Territories is responsible for the proper delivery of programs and services, despite their devolvement to other parties (also noted by the Auditor General in his 1997-1998 Report).

## Recruitment and Retention

The Committee noted that in this Department as well as most elsewhere in Government, there remains a shortage of qualified staff to perform essential functions at all levels of Government, and more so at the community level. The Minister replied that the Department's School of Community Government is working towards alleviating this problem and that competition from the private sector and a strong southern economy contributes to this Government's recruitment and retention problem.

## Overlapping Responsibilities

Committee Members were concerned that overlapping responsibilities between and within departments may lead to inefficiencies in the delivery of services and a reduction in public safety. The Committee suggested that official protocols between departments be set up to address overlapping authorities. The Minister agreed and will get back to the Committee with a set of draft protocols.

## Unquantifiable Performance Targeting

The Committee observed that many of the Department's performance targets in its business plan are difficult to measure. The Department agreed to provide a document to assist Members in evaluating the Department's performance targets.

## Potential Merger

The Committee understood that there might be a potential merger between the Department and the Northwest Territories Housing Corporation (NWTHC). The Minister agreed to apprise Members of any merger between the government entities.

## Small Boat Safety Program

Committee Members are concerned about reductions to the Government's Small Boat Safety Program. The Department assured the Members that the Department is working with the federal government to get the program out to more people and MACA will continue to be the coordinating authority in the Northwest Territories on this matter. The Department is also working with other departments, including the departments of Transportation and Health and Social Services on this issue. However, MACA will continue to be the lead on Small Boat Safety Programs.

# Department of Resources, Wildlife and Economic Development (RWED)

## General

The Standing Committee on Governance and Economic Development met with the Minister of Resources, Wildlife and Economic Development and his staff on Friday, October 20, 2000 to review the Department's Business Plan for 2001-2004.

The Department proposed a $889,000 or 1% decline in operations expenditures, a $321,000 or 20% decline in their capital acquisition plan, and projects a $180,000 or 6% increase in total revenues for the Department.

## Wildlife Act

The Committee was concerned with the high amounts of funding ($550 K projected for the each of the upcoming three fiscal years) for the consultation process for the Wildlife Act. The Standing Committee would like a detailed explanation of the Department's process considering the life of this Legislative Assembly is another three years. Committee Members would like to receive this report before the end of December, 2000.

Committee Members commented further that the Government is fostering a culture of consulting and conferencing as well as travel to and from meetings. Some Members concluded that the Department should concentrate on and resolve technical issues before entering consultation. The funding could be better used on priority areas such as for the social envelope.

The Committee recognizes that diligent consultation is part of the legislative process, and concluded that the Department is responsible for the technical work, but elected leaders have the mandate to go out and consult.

Committee Members asked why the Department is doing consultations with stakeholders, when this will be done in Standing Committee when the proposed Bill comes before the Legislative Assembly. The Committee also stated that Aboriginal governments are already working on wildlife issues as part of their land claim agreements. The Government may save money and avoid redundancies by working with Aboriginal groups who have completed a substantial amount of work on this issue and this information may be available.

## Excessive Number of Strategies and Reviews

Committee Members noted the number of strategies and reviews being proposed and completed by the Department is excessive as stated earlier on page 3 of this report. Funding for those strategies and review could be better used for priority issues or for other programs and services within the Department. The Standing Committee is concerned with what we can realistically do in the life of this Government.

## Number of Vacant Positions

The Committee noted that the Department has a significant portion of its positions vacant and was concerned funding for those positions is being redirected towards other department programs, services, strategies or reviews.

## Streamlining and Coordination of Pipeline Negotiation Efforts

The Committee would like to acknowledge the Minister's leadership in coordinating pressure with other Territorial stakeholders on the federal government to streamline the pipeline development process.

Committee Members suggested to the Minister that his Department should look at other jurisdictions and their resource revenue agreements with the federal government, and thus avoid any potential pitfalls. The Department agreed to provide a summary of information already completed on other jurisdictions regarding this matter. Finally, Members questioned if the Department is concentrating enough effort on dispute resolution methodologies for surface rights. The Department had replied that it would look at different resolution approaches in concert with the federal government.

## Accountability, Monitoring and Evaluation

Monitoring and evaluation remains an integral component of accountability. Committee Members remarked that with all the funding for strategies and reviews, they hope that eventually those studies will result in implementation. If funding for these strategies and reviews are misdirected, funding for the Department's other programs and activities may have to go to Supplementary Appropriation.

## Other Economic Sectors

Committee Members remarked that there are other sectors out there that require assistance and attention including the agricultural, fur, forestry, fishing and oil and gas industries. **Although the Members appreciate the initial necessity for supporting the secondary diamond industry, other economic sectors also deserve at least appropriate levels of support.**

## Business Incentive Policy (BIP) Changes

Committee Members acknowledged the value of the BIP and informed the Minister that any significant revisions to the BIP may contradict the North American Free Trade Agreement (NAFTA) and that this may nullify the BIP, which has been grandfathered under NAFTA. The Department informed the Committee that the Government's BIP Policy is under review and will forward the final product to the Committee upon completion.

## Recruitment and Retention

The Department like other government agencies continues to have difficulty attracting and keeping qualified staff. Competitive compensation from a growing private sector and a strong southern economy is attracting personnel elsewhere. This issue remains an overall government issue.

## Reorganization

Committee Members were concerned that the reorganization of RWED may not result in increased efficiency. For example, RWED's proposed amalgamation of the Community Economic Development Services activity with the Investment and Economic Analysis activity. Committee Members were concerned the amalgamation will result in a loss of programs and services to regions and communities. The Minister assured the Committee that the amalgamation would not result in any lessening of programs and services, but will result in increased economy of scale.

The Minister replied that internal mergers will result in greater efficiencies, and that further, the Business Credit Corporation and the NWT Development Corporation along with other RWED funding agencies will merge to form a one-window approach to business funding assistance.

## Environmental Protection

Members observed that a lot of attention and funding has been paid to emerging sectors of the economy. Committee Members are not adverse to development, the Member advised the Minister to remember that part of his mandate is to protect the environment. The Minister explained that his Department is working with other departments on impact monitoring and proposed establishing an inventory of clean up sites and any other sites that we may be responsible for.

## Hotel Tax

Committee Members noted that the Department will sunset approximately 1.2 M, enough to fund the proposed tourism strategy. In short, there is no need to implement the hotel tax that is projected by the Government to raise 1.2 M. The Minister replied that the sunset of expenditures is a loss from the Department's base funding and in order to fully implement the tourism strategy as proposed, a hotel tax is necessary. The

Committee understands the tourism strategy is still in the consultation stage. Further, Members were of the position that too much money is spent on developing strategies rather than on delivering existing programs and services.

## Fire Suppression

Members noted that the Department would cut $1 M to fire suppression efforts next fiscal year and hopes the Department will not compromise pubic safety as a result. The Minister replied that this proposed cut is part of the Government's overall reduction in spending. Members remarked that it is better to invest more resources fighting a fire in the front end than devote even more resources fighting a fire at the back end.